

Item 4

17. Lomaculo





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EXCISE TAXES

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SUMMARY OF RECOMMENDATIONS  
FOR REVISIONS  
GIVEN IN TESTIMONY  
BEFORE THE  
COMMITTEE ON WAYS AND MEANS  
HOUSE OF REPRESENTATIVES

ON  
JULY 21, 22, 23, 24, 27, 28, 29, 30, 31  
AND  
AUGUST 3, 1964



Staff of the Joint Committee on Internal Revenue Taxation

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U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1964

39-023

JCS-16-64



# RECOMMENDATIONS FOR EXCISE TAX REVISION

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8. *H.R. 9988, exempt certain shooting and fishing preserves:*

(a) Hon. William J. Randall, Representative in Congress from the State of Missouri-----	953
(b) Samuel G. McCluney, president, North American Game Breeders & Shooting Preserve Association-----	956

9. *Conservation activity should not be taxed:*

J. Martin Winton, California Grassland Water Districts and the California Wildlife Federation-----	960
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	Page in hearings
10. <i>Exemption now granted swimming and skating facilities should be extended to cover all mutually owned park and recreational facilities:</i> Leonard Silverstein, National Association of Home Builders-----	978
11. <i>Clarify section 4241 so that bowling league members would not be liable for club dues tax:</i> C. E. Goldberg, chairman, executive committee, Bowling Proprietors Association of America-----	802

## II. ADMISSIONS

## 1. General admissions:

(a) *To exempt motion pictures:*

(1) La Mar Sarra, cochairman, National Tax Campaign Committee, Council of Motion Picture Organizations-----	1166
(2) Lester B. Issac, international representative, International Alliance of Theatrical Stage Employees & Motion Picture Operators of the United States and Canada-----	1170
(3) Roy B. Cooper, president, Northern California Theatre Association-----	1172
(4) Mayor Robert F. Wagner, New York-----	1173
(5) Milton H. London, president, Allied Theatres of Michigan, Inc-----	1173
(6) Harry Goldberg, Washington Crossing, Pa-----	1174
(7) Martin H. Newman, vice president, Century Theatres, Inc-----	1174
(8) Moving Picture Machine Operators Union of the International Alliance of Theatrical Stage Employes & Moving Picture Machine Operators of the United States and Canada, Steve D'Inzillo, New York business representative-----	1176
(9) Emanuel Frisch, Randforce Amusement Corp., Brooklyn, N.Y-----	1176

(b) *To exempt live theater:*

(1) Hon. John V. Lindsay, Representative in Congress from the State of New York (his bill, H.R. 2518 would exempt live dramatic and musical)-----	1177
(2) Harold Prince, president, National Association of the Legitimate Theatre, Inc., and president, League of New York Theatres, Inc-----	1178
(3) John F. Wharton, National Association of the Legitimate Theatre, Inc., and the League of New York Theatres, Inc. (also repeal additional taxes on sales outside box office or sales by proprietor in excess of regular price)-----	1180
(4) David Merrick, National Association of the Legitimate Theatre, Inc., and the League of New York Theatres, Inc-----	1183
(5) Jack Golodner, legislative representative, Actors Equity Association-----	1197
(6) Musical Arena Theatres Association, Edward O. Lutz, executive director-----	1203

(c) *Miscellaneous:*

(1) Advocates his bill, H.R. 12045, to exempt admissions to motion pictures, exhibits, carnivals, rodeos, and circuses promoted and sponsored in municipally owned facilities: Hon. Horace R. Kornegay, Representative in Congress from the State of North Carolina-----	1165
(2) To exempt admissions to travel attractions: James C. Gross, executive director, National Association of Travel Organizations-----	1205
(3) To broaden the exemption for athletic events so that postseason college games for the benefit of non-profit hospitals are covered (H.R. 8854): A. F. Dudley, president, Liberty Bowl Charities, Inc., Philadelphia, Pa-----	1205

1. General admissions—Continued	Page in hearings
(c) <i>Miscellaneous</i> —Continued	
(4) The admissions tax for racetracks should be the same as on other forms of amusement or entertainment (same rate and same exemptions):	
(i) Devereux Milburn, counsel, Thoroughbred Racing Associations, exhibit A-----	1254
(ii) Franklin E. Devlin, president, Harness Tracks of America-----	1264
2. Cabaret taxes:	
(a) <i>Repeal the cabaret tax:</i>	
(1) Hon. Thomas M. Pelly, Representative in Congress from the State of Washington-----	1208
(2) Hon. Clement J. Zablocki, Representative in Congress from the State of Wisconsin-----	1209
(3) Arthur J. Packard, chairman, Governmental Affairs Committee, American Hotel & Motel Association--	1211
(4) A. W. Zelomack, American Federation of Musicians AFL-CIO-----	1216
(5) Ira H. Nunn, legislative counsel, National Restaurant Association-----	1220
(6) Robert Zanville, Restaurant Beverage Association of Washington, D.C., and National Licensed Beverage Association-----	1226
(b) <i>Consider enactment of statutory guidelines for distinguishing between ballrooms and cabarets; certain tests proposed in exhibit C on page 1243:</i>	
National Ballroom Operators Association, Donald J. Brown, general counsel-----	1231

## III. COMMUNICATIONS

1. Telephone taxes:	
(a) <i>Recommends H.R. 8166, which provides a gradual reduction in the rates of telephone taxes of 2 percent each year; complete elimination in 5 years:</i>	
Hon. H. Allen Smith, Representative in Congress from the State of California-----	1083
(b) <i>Recommends repeal of telephone taxes:</i>	
(1) Hon. Leonor K. Sullivan, Representative in Congress from the State of Missouri-----	346
(2) Hon. H. Allen Smith, Representative in Congress from the State of California-----	1083
(3) Alexander L. Stott, vice president, American Telephone & Telegraph Co-----	1085
(4) William C. Mott, executive vice president, United States Independent Telephone Association-----	1103
(5) David C. Fullarton, executive manager, National Telephone Cooperative Association-----	1119
(6) Hon. Walter S. Baring, Representative in Congress from the State of Nevada-----	1121
(7) Joseph A. Beirne, president, Communications Workers of America, AFL-CIO-----	1122
(8) J. D. Orchard, president, Nevada Telephone Association-----	1123
(9) H. R. Wilbourn, Jr., president, Allied Telephone Co., Little Rock, Ark-----	1124
(10) National Association of Railroad & Utilities Commissioners, Everette Kreeger, secretary-----	1129
(11) Hon. Clement J. Zablocki, Representative in Congress from the State of Wisconsin-----	1209
2. Telegrams:	
<i>Exempt from tax:</i>	
(1) G. Stewart Paul, vice president and director, Western Union Telegraph Co-----	1124
(2) Commercial Telegraphers' Union, E. L. Hageman, international president-----	1128
(3) National Association of Railroad & Utilities Commissioners, Everette Kreeger, secretary-----	1129

3. Wire and equipment:	Page in hearings
(a) <i>Repeal the tax:</i>	
(1) John J. Mitchell, Twin Coast Newspapers, Inc.....	1130
(2) Francis J. Hughes, general counsel, Association of Stock Exchange Firms.....	1160
(b) <i>Reduce the tax from 8 percent to 3 percent:</i>	
(1) G. Keith Funston, president, New York Stock Ex- change.....	1158
(2) John R. Haire, chairman, Federal Taxation Commit- tee, Investment Bankers Association of America.....	1160
(c) <i>Exempt from the wire and equipment tax background music service         transmitted by wire:</i>	
(1) Charles C. Cowley, president, Muzak, a division of Wrather Corp.....	1138
(2) Emerson A. Alburty, president and general manager, Business Music Corp., Memphis, Tenn.....	1141
(d) <i>Exempt burglar and fire alarm equipment from the wire and         equipment tax:</i>	
Malcolm Goldstone, president, Owl Protective Co., Inc., National Burglar & Fire Alarm Association, Central Station Electrical Protection Association, and Central Office Alarm Co., Inc.....	1151
(e) <i>Remove the tax on radio common carrier services:</i>	
Boyd King, director, National Mobile Radio System.....	1162
(f) <i>Amend the law so that the microwave relay service for community         antenna television is not taxable as wire mileage for the period         1959-62:</i>	
Robert D. L'Heureux, general counsel, National Com- munity Television Association, Inc.....	1155
4. <i>Repeal of all communications taxes:</i>	
(1) Hon. Abraham J. Multer, Representative in Congress from the State of New York.....	175
(2) Godfrey A. Stamm, managing director, Broadway Association, Inc.....	234
(3) Chicago Association of Commerce and Industry, Herbert V. Prochnow, president.....	236

## IV. TRANSPORTATION

1. <i>Repeal the tax:</i>	
(a) Hon. Abraham J. Multer, Representative in Congress from the State of New York.....	175
(b) Godfrey A. Stamm, managing director, Broadway Associa- tion, Inc.....	234
(c) Hon. Clement J. Zablocki, Representative in Congress from the State of Wisconsin.....	1209
2. <i>Include steamship travel with air travel as part of uninterrupted inter-     national transportation for tax purposes and extend the time limit for     connecting transportation from 6 to 12 hours:</i>	
(a) Hon. John M. Murphy, Representative in Congress from the State of New York.....	1163
(b) Pacific American Steamship Association, John M. Thurman, vice president (submitted proposed amendment).....	1164
(c) American Merchant Marine Institute, Inc., Alvin Shapiro, vice president.....	1165

## V. OCCUPATIONAL TAXES—BOWLING ALLEYS, ETC.

<i>Repeal the tax:</i>	
C. E. Goldberg, chairman, executive committee, Bowling Proprietors Association of America.....	802



E. RECOMMENDATION FOR ALCOHOLIC BEVERAGE TAXES

Page in  
hearings

1. Beer:
  - (a) *In July of 1965, cut the beer tax to the pre-Korean rate of \$8 a barrel and, as soon as possible thereafter, reduce the rate to the 1940 tax rate of \$6 a barrel. Allow the tax to be paid on the basis of the brewers' records in the same way that income taxes and manufacturers' taxes are paid:*  
Clinton M. Hester, counsel, United States Brewers Association----- 981
  - (b) *Reduce the tax on beer to \$6 a barrel:*  
Russell H. Hopkins, executive manager, National Beer Wholesalers' Association of America----- 995
  - (c) *Grant a tax reduction of \$2 a barrel for the first 100,000 barrels per brewery:*
    - (1) Thomas E. O'Neill, attorney, Brewers' Association of America----- 1004
    - (2) Mr. Clinton M. Hester opposes this recommendation.----- 981
2. Wine:  
*Reduce the tax on natural sparkling wines from \$3.40 to \$1 per gallon and on artificially carbonated from \$2.40 to 50 cents per gallon:*
  - (1) Grayton H. Taylor, chairman, Wine Conference of America----- 1030
  - (2) National Association of Alcoholic Beverage Importers, Inc., John F. O'Connell, president----- 1056
3. Distilled spirits:  
*For a minimum, cut the distilled spirits tax to the pre-Korean rate of \$9 per proof gallon and eventually reduce the tax to \$6.*
  - (1) Tax Council of the Alcoholic Beverage Industries, Charles W. Bryant, executive director----- 1042
  - (2) National Association of Alcoholic Beverage Importers, Inc., John F. O'Connell, president----- 1056
  - (3) Distillery, Rectifying, Wine & Allied Workers' International Union of America, Nathan P. Voloshen, legislative representative----- 1060
4. Cider:  
*Exempt sparkling cider from tax (wine rates now apply):*
  - (1) Monsieur Henri Wines, Ltd., Brooklyn, N.Y., Herbert Feinberg, vice president----- 1057
  - (2) British-American Chamber of Commerce, A. P. Spooner, general manager----- 1058

F. RECOMMENDATIONS FOR TOBACCO TAXES—CIGARS

*Change from the bracket system to a manufacturers tax of 8 percent with a maximum rate of \$20 per thousand:*

- (1) Leon Singer, counsel, Cigar Manufacturers Association of America----- 1065
- (2) Clarence M. Weiner, economist, Cigar Manufacturers Association of America----- 1068

G. GENERAL EXCISE TAX RECOMMENDATIONS

1. *Eliminate selective excise taxes:*
  - (a) Joel Barlow, chairman, Committee on Taxation, Chamber of Commerce of the United States----- 123f
  - (b) Lewis D. Spencer, Federal Excise Tax Council----- 195
  - (c) John W. Overholser, Montrose, Colo----- 369
  - (d) International Union of United Brewery, Flour, Cereal, Soft Drink & Distillery Workers of America, Arthur P. Gildea, secretary-treasurer----- 1064
  - (e) Frazar B. Wilde, chairman, Tax Subcommittee, Committee for Economic Development----- 222

2. *Value added tax:*

- (a) Value added tax should be substituted for the corporate income tax:

- (1) Joel Barlow, chairman, Committee on Taxation,  
Chamber of Commerce of the United States----- 123f
- (2) Maurice E. Peloubet, American Economic Founda-  
tion----- 152

- (b) Study value added tax:

- Frazar B. Wilde, chairman, Tax Subcommittee, Committee  
for Economic Development----- 222

- (c) Excise tax cuts should not be used as justification for a value added tax:

- Nathaniel Goldfinger, director, Department of Research,  
American Federation of Labor & Congress of Industrial  
Organizations----- 178

3. *Replace the selective excises with a low rate uniform excise tax:*

- (a) Advocates:

- Joel Barlow, chairman, Committee on Taxation, Chamber  
of Commerce of the United States----- 123f

- (b) Opposes:

- Nathaniel Goldfinger, director, Department of Research,  
American Federation of Labor & Congress of Industrial  
Organizations----- 178

4. *Miscellaneous:*

- (a) Nathaniel Goldfinger, director, Department of Research,
- 
- American Federation of Labor & Congress of Industrial
- 
- Organizations----- 178

- (1) Excise tax reduction should be designed to diminish  
the regressive impact and reduce administrative  
problems

- (2) Committee should make clear its intent that tax cuts  
be passed on to the consumer.

- (b) Lewis D. Spencer, Federal Excise Tax Council----- 195

- (1) To reduce all ad valorem excises to a uniform rate.

- (2) Eliminate the burden of proof requirement of section  
6416(a)(1) when the tax is not separately stated.

- (3) Provide a credit for sales which become wholly or  
partially uncollectible.

- (4) Adopt a provision clarifying the problem of combina-  
tion sales and uses.

- (5) To clarify the statute of limitations in section 6501  
by defining what constitutes filing of a return.

- (c) Arnold J. Hoffman, attorney, New York, N.Y.----- 405

- Modify the requirements for bringing legal action on  
Federal excise tax matters.

- (d) William H. Bulkeley, president, National Social Welfare As-
- 
- sembly, Inc.----- 396

- Grant excise tax exemption to all organizations exempt  
under sections 501(a) and 501(c)(3).

- (e) Donald Cordes, vice chairman, Council on Government Re-
- 
- lations, American Hospital Association----- 400

- To exempt all nonprofit hospitals.

- (f) Leslie C. Hackler, Jr., tax counsel, Gibson Discount Co.,
- 
- Dallas Tex.----- 354

- (1) If repeal not favorable, replace the retail taxes with  
manufacturers' taxes;

- (2) Give the Tax Court jurisdiction to hear excise cases; or

- (3) Let the U.S. district courts hear tax cases without  
the tax being paid first.











